SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____________________ to _____________________

Commission File Number: 001-14649

Trex Company, Inc.

(Exact name of registrant as specified in its charter)

Delaware	54-1910453
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
20 South Cameron Street Winchester, Virginia	22601
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (540) 678-4070

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

The number of shares of the registrant's common stock, par value $.01 per share, outstanding at May 9, 2001 was 14,142,270 shares.

TREX COMPANY, INC.

INDEX

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

TREX COMPANY, INC.

Consolidated Balance Sheets

	December 31, 2000	March 31, 2001
ASSETS		(unaudited)
Current assets:		
Cash and cash equivalents	$ --	$ --
Trade accounts receivable	10,582,000	27,325,000
Inventories	23,017,000	21,556,000
Prepaid expenses and other assets	689,000	618,000
Deferred income taxes	478,000	360,000
Total current assets	34,766,000	49,859,000
Property, plant, and equipment, net	113,635,000	121,915,000
Intangible assets, net	7,544,000	7,367,000
Other	650,000	650,000
Total assets	$156,595,000	$179,791,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$ 17,082,000	$ 9,679,000
Accrued expenses	2,053,000	1,253,000
Income taxes payable	574,000	4,730,000
Other current liabilities	664,000	1,136,000
Line of credit	--	13,676,000
Current portion of long-term debt	697,000	637,000
Total current liabilities	21,070,000	31,111,000
Deferred income taxes	5,782,000	5,636,000
Line of credit	44,748,000	50,000,000
Long-term debt related derivatives	--	1,205,000
Long-term debt	15,954,000	15,840,000
Total liabilities	87,554,000	103,792,000
Stockholders' equity:		
Preferred stock, $0.01 par value, 3,000,000 shares authorized; none issued and outstanding	--	--
Common stock, $0.01 par value, 40,000,000 shares authorized; 14,135,060 and 14,137,586 shares issued and outstanding	141,000	141,000
Additional capital	41,330,000	41,380,000
Retained earnings	27,570,000	35,225,000
Accumulated other comprehensive net loss	--	(747,000)
Total stockholders' equity	69,041,000	75,999,000
Total liabilities and stockholders' equity	$156,595,000	$179,791,000

SEE ACCOMPANYING NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED).

TREX COMPANY, INC.

Consolidated Statements of Operations
(unaudited)

	Three Months Ended March 31, 2000	Three Months Ended March 31, 2001
Net sales	$39,054,000	$42,196,000
Cost of sales	20,892,000	22,978,000
Gross profit	18,162,000	19,218,000
Selling, general and administrative expenses	6,510,000	6,403,000
Income from operations	11,652,000	12,815,000
Interest income	--	1,000
Interest (expense)	(277,000)	(466,000)
Income before taxes	11,375,000	12,350,000
Income taxes	4,318,000	4,695,000
Net income	$ 7,057,000	$ 7,655,000
Basic earnings per common share	$ 0.50	$ 0.54
Weighted average basic shares outstanding	14,122,172	14,136,786
Diluted earnings per common share	$ 0.50	$ 0.54
Weighted average diluted shares outstanding	14,195,982	14,172,064

SEE ACCOMPANYING NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED).

TREX COMPANY, INC.

Consolidated Statements of Cash Flows
(unaudited)

	Three Months Ended March 31,	
	2000	2001
OPERATING ACTIVITIES		
Net income	$ 7,057,000	$ 7,655,000
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Deferred income taxes	399,000	430,000
Depreciation and amortization	1,491,000	1,894,000
Changes in operating assets and liabilities:		
Trade accounts receivable	(3,450,000)	(16,743,000)
Inventories	3,449,000	1,461,000
Prepaid expenses and other assets	65,000	71,000
Trade accounts payable	(593,000)	(7,403,000)
Accrued expenses	(795,000)	(800,000)
Income taxes payable	3,841,000	4,156,000
Other current liabilities	(80,000)	472,000
Net cash provided by (used in) operating activities	11,384,000	(8,807,000)
INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(5,004,000)	(9,997,000)
Net cash used in investing activities	(5,004,000)	(9,997,000)
FINANCING ACTIVITIES		
Principal payments under mortgages and notes	(109,000)	(174,000)
Borrowings under line of credit	2,315,000	35,978,000
Principal payments under line of credit	(6,736,000)	(17,050,000)
Proceeds from exercise of employee stock purchase and option plans	45,000	50,000
Net cash (used in) provided by financing activities	(4,485,000)	18,804,000
Net increase in cash and cash equivalents	1,895,000	--
Cash and cash equivalents at beginning of period	--	--
Cash and cash equivalents at end of period	$ 1,895,000	$ --

SEE ACCOMPANYING NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED).

TREX COMPANY, INC.

Notes to Condensed Consolidated Financial Statements
For the Three Months Ended March 31, 2000 and 2001 (Unaudited)

1. BUSINESS AND ORGANIZATION

Trex Company, Inc. (the "Company"), a Delaware corporation, was incorporated on September 4, 1998 for the purpose of acquiring 100% of the membership interests and operating the business of TREX Company, LLC, a Delaware limited liability company, in connection with an initial public offering of the Company's common stock. Through its wholly owned subsidiary, TREX Company, LLC, the Company manufactures and distributes wood/plastic composite products primarily for residential and commercial decking applications. Trex Wood-Polymer(TM) lumber ("Trex") is manufactured in a proprietary process that combines waste wood fibers and reclaimed polyethylene. TREX Company, LLC is a limited liability company formed under the laws of the State of Delaware on July 1, 1996 (inception). It initiated commercial activity on August 29, 1996. On August 29, 1996, TREX Company, LLC acquired substantially all of the assets and assumed certain liabilities of the Composite Products Division of Mobil Oil Corporation for a cash purchase price of approximately $29.5 million. The acquisition was accounted for using the purchase accounting method.

2. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, the accompanying condensed consolidated financial statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normally recurring accruals) considered necessary for a fair presentation have been included in the accompanying condensed consolidated financial statements. The consolidated results of operations for the three-month period ended March 31, 2001 are not necessarily indicative of the results that may be expected for the full fiscal year. These condensed consolidated financial statements should be read in conjunction with the consolidated audited financial statements as of December 31, 1999 and 2000 and for each of the three years in the period ended December 31, 2000 included in the annual report of Trex Company, Inc. on Form 10-K (File No. 001-14649), as filed with the Securities and Exchange Commission.

3. INVENTORY

Inventories consist of the following:

	December 31, 2000	March 31, 2001 (unaudited)
Finished goods...	$19,523,000	$17,460,000
Raw materials....	3,494,000	4,096,000
	$23,017,000	$21,556,000

4. DEBT

On January 31, 2001, the Company entered into a second credit facility. The new facility provides for borrowings of up to $15.0 million on an unsecured basis for working capital and general corporate purposes. Amounts drawn under the facility bear interest at an annual rate equal to LIBOR plus 1.00%. The facility will mature on April 30, 2001 and contains customary restrictive and financial covenants.

In the first quarter of 2001, the Company and the lenders under its mortgages and revolving credit facilities revised, through June 29, 2001, loan covenants relating to debt to capital and debt to cash flow limits in relation to the Company's augmented early-buy program and the anticipated higher level of trade receivables to be financed with borrowings under the credit facilities. The Company was in compliance with the revised covenants at March 31, 2001 and expects to be in compliance with the original covenants on June 30, 2001.

5. STOCKHOLDERS' EQUITY

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended March 31, 2000	Three Months Ended March 31, 2001
Numerator:		
Net income available to common shareholders, basic and diluted..........	$ 7,057,000	$ 7,655,000
Denominator:		
Weighted average shares outstanding, basic..................................	14,122,172	14,136,786
Impact of potential common shares:		
Stock options...........................	73,810	35,278
Weighted average shares outstanding, diluted................................	14,195,982	14,172,064
Basic earnings per share..................	$ 0.50	$ 0.54
Diluted earnings per share................	$ 0.50	$ 0.54

6. SEASONALITY

The Company's net sales and income from operations have historically varied from quarter to quarter. Such variations are principally attributable to seasonal trends in the demand for the Trex product. The Company has historically experienced lower net sales during the fourth quarter because of holidays and adverse weather conditions in certain regions, which reduce the level of home improvement and new construction activity. Net sales during the first quarter of 2000 accounted for approximately 33% of annual sales in 2000. During the third quarter of 2000, the Company's increased production capacity enabled it to eliminate the allocation of product supply to its network of wholesale distributors and retail dealers. Because customer stockpiling of inventories resulting from this allocation policy affected seasonality, the Company's historical seasonality may not be a reliable indicator of future seasonality.

7. NEW ACCOUNTING STANDARDS

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standard No. 133 "Accounting for Derivative Instruments and Hedging Activities," as amended by Statement of Financial Accounting Standard No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The statement requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value.

In order to manage market risk exposure related to changing interest rates, the Company has entered into interest rate swap agreements effectively converting its floating rate mortgage debt to a fixed-rate obligation. These interest rate swap agreements have the same payment and maturity terms as the underlying debt and are accounted for under the short-cut method as permitted by SFAS No. 133.

The transition adjustment to implement this new standard, which is presented as a cumulative effect of change in accounting principle, increased liabilities by approximately $820,000, with a corresponding reduction in stockholders' equity through other comprehensive income (approximately $508,000, net of tax). During the quarter ended March 31, 2001, the Company recognized an increase in the liability of approximately $385,000, with a corresponding reduction in stockholders' equity through other comprehensive income (approximately $259,000, net of tax) to reflect the change in fair value of these hedges. The Company estimates that of the amounts included in other comprehensive income, approximately $218,000 net of taxes of approximately $134,000, will be reclassified to earnings over the next 12 months.

Comprehensive income for the Company includes net income and derivative gains or losses that are excluded from net income but included as a separate component of total stockholders' equity. Comprehensive income for the three-month periods ended March 31, 2000 and 2001 is as follows:

	Three Months Ended March 31,	
	2000	2001
Net income......................................	$7,057,000	$7,655,000
Cumulative effect of a change in accounting principle......................................	--	(508,000)
Net derivative change in fair value.............	--	(259,000)
Derivative loss reclassified to earnings........	--	20,000
Total comprehensive income......................	$7,057,000	$6,908,000

The Company implemented the consensus of the Emerging Issues Task Force Issue 00-10, "Accounting for Shipping and Handling Fees and Costs," or EITF 00-10, in the fourth quarter of 2000. This rule requires that all shipping and handling fees be recorded in net sales and that the related costs be included in cost of sales. Previously, the Company had classified shipping and handling fees, net of shipping and handling costs, as cost of sales. The effect of this reclassification was to increase net sales and cost of sales by approximately $1.0 million for the quarter ended March 31, 2000. This reclassification had no effect on net income in any period.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements regarding the Company's expected financial position and operating results, its business strategy and its financing plans are forward-looking statements. These statements are subject to risks and uncertainties that could cause the Company's actual results to differ materially. Such risks and uncertainties include the Company's ability to increase market acceptance of its Trex product; the Company's lack of product diversification; the Company's current dependence on its two manufacturing facilities and its ability to increase its manufacturing capacity in its existing facilities; the Company's reliance on the supply of raw materials used in its production process; the Company's sensitivity to economic conditions, which influence the level of activity in home improvements and new home construction; the Company's ability to manage its growth; the Company's significant capital requirements; and the Company's dependence on its largest distributors to market and sell its products. A discussion of these risks and uncertainties is contained in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 28, 2001. The Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

The Company is the nation's largest manufacturer of non-wood decking alternative products, which are marketed under the brand name Trex(R). Trex Wood-Polymer(TM) lumber ("Trex") is a wood/plastic composite which is manufactured in a proprietary process that combines waste wood fibers and reclaimed polyethylene. Trex is used primarily for residential and commercial decking. Trex also has non-decking product applications, including applications for parks and recreational areas, floating and fixed docks and other marine applications, and landscape edging.

Net sales consists of sales and freight, net of returns and discounts. Cost of sales consists of raw material costs, direct labor costs and manufacturing costs, including depreciation and freight. The principal component of selling, general and administrative expenses is branding and other sales and marketing costs, which have increased significantly as the Company has sought to build brand awareness of Trex in the decking market. Sales and marketing costs consist primarily of salaries, commissions and benefits paid to sales and marketing personnel, advertising expenses and other promotional costs. General and administrative expenses include salaries and benefits of personnel engaged in research and development, procurement, accounting and other business functions and office occupancy costs attributable to such functions, as well as amortization expense.

Because of the continued expansion of its production capacity, during the third quarter of 2000 the Company was able to eliminate the allocation of product supply to its network of wholesale distributors and retail dealers. As a result, customers generally no longer seek to stockpile inventories. The Company believes there has been a temporary slowdown in new orders as excess inventories at the wholesale and retail levels are reduced, and that the impact of this slowdown may continue until the normal seasonal demand for Trex resumes in the second quarter of 2001.

Three Months Ended March 31, 2001 Compared with Three Months Ended March 31, 2000

Net Sales

Net sales in the three months ended March 31, 2001 (the "2001 quarter") increased 8.0% to $42.2 million from $39.1 million in the three months ended March 31, 2000 (the "2000 quarter"). The increase in net sales was primarily attributable to a growth in sales volume provided by an increase in the number of dealer outlets, from approximately 2,300 at March 31, 2000 to approximately 2,800 at March 31, 2001.

Cost of Sales

Cost of sales increased 10.0% to $23.0 million in the 2001 quarter from $20.9 million in the 2000 quarter. Cost of sales as a percentage of net sales increased to 54.5% in the 2001 quarter from 53.5% in the 2000 quarter. The increase principally reflected higher raw material costs. The increased cost of sales was partially offset by operating efficiencies from improved production line rates and the economies of scale resulting from additional production lines.

Gross Profit

Gross profit increased 5.8% to $19.2 million in the 2001 quarter from $18.2 million in the 2000 quarter. The increase in gross profit was attributable to the higher sales volume and was partially offset by the increase in cost of sales. Gross profit as a percentage of net sales decreased to 45.5% in the 2001 quarter from 46.5% in the 2000 quarter.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased 1.6% to $6.4 million in the 2001 quarter from $6.5 million in the 2000 quarter, primarily because of a decrease of $0.8 million in performance bonuses. This decrease was partially offset by an increase of $0.7 million in expense related to additional corporate personnel and related hiring costs necessary to support the Company's growth. As a percentage of net sales, selling, general and administrative expenses decreased to 15.2% in the 2001 quarter from 16.7% in the 2000 quarter.

Interest Expense

Net interest expense increased to $0.5 million in the 2001 quarter from $0.3 million in the 2000 quarter. The increased expense primarily reflected higher average debt balances incurred since the 2000 quarter to fund the expansion of the Company's production capacity. The increase was substantially offset by the capitalization of interest with respect to those projects.

Provision for Income Taxes

The Company recorded a provision for income taxes of $4.7 million in the 2001 quarter compared to a provision of $4.3 million in the 2000 quarter. Both provisions reflect a 38% combined effective tax rate.

Net Income

The Company's net income increased 8.5% to $7.7 million in the 2001 quarter from $7.1 million in the 2000 quarter. The increase in net income in the 2001 quarter primarily resulted from an increase of $1.2 million in income from operations, the effect of which was offset in part by an increase of $0.4 million in the income tax provision.

Liquidity and Capital Resources

The Company's total assets increased from $156.6 million at December 31, 2000 to $179.8 million at March 31, 2001. Higher receivables balances resulting from an increase in net sales in the 2001 quarter and the Company's augmented early-buy program, which offered extended payment terms for purchases by distributors during the months of January through April, accounted for the $16.7 million increase. Inventories decreased by $1.5 million as a result of increased sales. Property, plant and equipment, net, increased $8.3 million as the Company continued construction of a second manufacturing facility in Winchester, Virginia, installation of manufacturing lines in both its Winchester, Virginia and Fernley, Nevada facilities, and construction of a plastic processing facility in Winchester, Virginia. Trade accounts payable decreased $7.4 million as a result of the timing of payments relating to the foregoing construction projects. Income taxes payable increased $4.2 million based on the Company's taxable income during the quarter, with first quarter estimated tax payments not due until April 2001. The Company has financed these activities in the 2001 quarter from operating cash flows and additional net draws of approximately $18.9 million under its revolving credit facilities.

The Company historically has financed its operations and growth primarily with cash flow from operations, operating leases, normal trade credit terms, and borrowings under its credit facilities.

The Company's cash flow used in operating activities for the 2001 quarter was $8.8 million compared to cash flow from operating activities of $11.4 million for the 2000 quarter. Trade accounts receivable, net, increased from $4.7 million at March 31, 2000 to $27.3 million at March 31, 2001 as a result of higher sales levels and the early-buy program.

As of March 31, 2001, the Company's long-term indebtedness, excluding amounts outstanding under the revolving credit facilities, totaled $16.5 million and had an overall weighted average interest rate of approximately 7.7% per annum.

On October 27, 2000, the Company and the lender revised the terms of the Company's bank revolving credit agreement primarily to increase the maximum amount of borrowings available to the Company. The terms of this new revolving credit facility currently provide for borrowings of up to $75.0 million on an unsecured basis for working capital and general corporate purposes through September 30, 2001 and $50.0 million thereafter. Amounts drawn under the revolving credit facility bear interest at an annual rate equal to LIBOR plus 1.00%. The facility will mature on June 30, 2003 and contains customary restrictive and financial covenants.

In the first quarter of 2001, the Company and the lenders under its mortgages and revolving credit facilities revised, through June 29, 2001, loan covenants relating to debt to capital and debt to cash flow limits in relation to the Company's augmented early-buy program and the anticipated higher level of trade receivables to be financed with borrowings under the credit facilities. The Company was in compliance with the revised covenants at March 31, 2001 and expects to be in compliance with the original covenants on June 30, 2001.

On January 31, 2001, the Company entered into a second revolving credit facility with another lender. The terms of this facility provide for borrowings of up to $15.0 million on an unsecured basis for working capital and general corporate purposes. Amounts drawn under the revolving credit facility bear interest at an annual rate equal to LIBOR plus 1.00%. The facility will mature on April 30, 2001 and contains customary restrictive and financial covenants.

Expansion of the Company's production capacity will continue to require significant capital expenditures. In the second quarter of 2000, the Company accelerated its capital expenditure program to invest in additional production capacity to meet current and expected demand for its product. Capital expenditures during the 2001 quarter totaled $10.0 million and for the balance of 2001 are expected to total approximately $22.7 million. The Company believes that cash flow from operations and borrowings expected to be available under the Company's revolving credit facilities will provide sufficient funds to enable the Company to expand its business as currently planned for at least the next 12 months. The actual amount and timing of the Company's future capital requirements may differ materially from the Company's estimate depending on the demand for Trex and new market developments and opportunities. The Company may determine that it is necessary or desirable to obtain financing for such requirements through bank borrowings or the issuance of debt or equity securities. Debt financing would increase the leverage of the Company, while equity financing may dilute the ownership of the Company's stockholders. There can be no assurance as to whether, or as to the terms on which, the Company will be able to obtain such financing.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's primary market risk exposure is to changing interest rates. The Company's policy is to manage interest rates through a combination of variable-rate debt under its revolving credit facilities and interest rate swap agreements with respect to its other debt. Amounts drawn under the revolving credit facilities bear interest at an annual rate equal to LIBOR plus 1.00%. As of March 31, 2001, pursuant to interest rate swap agreements, the Company had effectively fixed its interest rate exposure under its other debt at approximately 7.7% through 2014.

The Company does not have any foreign currency forward contracts or commodity contracts and does not have any material foreign currency exposure.

Part II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) The Company files herewith the following exhibits:

10.1 Fifth Amendment to Amended and Restated Credit Agreement, dated as of February 28, 2001, among Trex Company, Inc., TREX Company, LLC and First Union National Bank.

10.2 Loan Modification Agreement, dated as of March 30, 2001, among Trex Company, Inc., TREX Company, LLC and Bank of America, N.A.

(b) The Company did not file any Current Reports on Form 8-K during the period covered by this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TREX COMPANY, INC.
(Registrant)

Date: May 14, 2001

/s/ Anthony J. Cavanna

Anthony J. Cavanna, Executive Vice President and Chief Financial Officer (Duly Authorized Officer and Principal Financial Officer)

FIFTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is dated as of February 28, 2001 by and among TREX COMPANY, LLC, a Delaware limited liability company ("Borrower"), TREX COMPANY, INC., a Delaware corporation ("Guarantor") and FIRST UNION NATIONAL BANK, a national banking association ("Bank").

R E C I T A L S

A. Borrower, Guarantor and Bank are parties to that certain Amended and Restated Credit Agreement dated as of August 3, 1999, as amended by that certain First Amendment to Amended and Restated Credit Agreement dated as of December 15, 1999, that certain Second Amendment to Amended and Restated Credit Agreement dated as of April 27, 2000, that certain Third Amendment to Amended and Restated Credit Agreement dated as of June 30, 2000 and that certain Fourth Amendment to Amended and Restated Credit Agreement dated as of October 27, 2000 (the "Credit Agreement").

B. Borrower, Guarantor and Bank have agreed to amend certain of the covenants in the Credit Agreement.

A G R E E M E N T

NOW THEREFORE, in consideration of the mutual covenants herein and for Ten Dollars and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Incorporation of Recitals. The Recitals set forth above are incorporated herein by this reference as if fully set forth in the text of this Amendment.

2. Definitions. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

3. Amendment.

a. Section 6.17 of the Credit Agreement is hereby deleted in its entirety and the following new Section 6.17 is substituted therefor:

> Section 6.17 Limitations on Debt. The Borrower will not permit the ratio of Total Consolidated Debt to Total Consolidated Capitalization, as a percentage, to exceed (i) sixty percent (60%) at any time up to and including June 29, 2001, and (ii) fifty percent (50%) on June 30, 2001 and thereafter.

b. Section 6.18 of the Credit Agreement is hereby deleted in its entirety and the following new Section 6.18 is substituted therefor:

> Section 6.18 Funded Debt Coverage Ratio. The Borrower will not, as of the end of the fiscal quarter ending March 31, 2001, permit the ratio of (i) the Debt of the Borrower and its Consolidated Subsidiaries as of the end of such fiscal quarter, to (ii) Consolidated EBITDA for the four quarter period ended as of the end of such fiscal quarter, to be more than 2.5:1.0. The Borrower will not, as of the end of any fiscal quarter ending on or after June 30, 2001, permit the ratio of (i) the Debt of the Borrower and its Consolidated Subsidiaries as of the end of such fiscal quarter, to (ii) Consolidated EBITDA for the four quarter period ended as of the end of such fiscal quarter, to be more than 2.0:1.0.

4. Representations and Warranties. Each of Borrower and Guarantor hereby confirms to Bank that all representations and warranties of Borrower and Guarantor contained in the Credit Agreement are true and correct as if made on the date hereof.

5. Effectiveness. This Amendment shall be and become effective as of the date hereof when all of the conditions set forth below in this paragraph 5 shall have been satisfied:

a. Bank shall have received this Amendment, duly executed by the Borrower and the Guarantor.

b. All fees and expenses of Bank in connection with this Amendment, including legal fees and expenses incurred on or prior to the date of this Amendment, shall have been paid by the Borrower.

c. Bank shall have received an opinion of counsel for Borrower and Guarantor in form satisfactory to Bank.

d. Bank shall have received from Borrower an amendment fee in the amount of $15,000.

6. Full Force and Effect. Except as specifically set forth herein, all terms and conditions of the Credit Agreement and the other Loan Documents shall remain unchanged and in full force and effect.

7. Binding Effect. Each of Borrower and Guarantor hereby reaffirms its covenant and agreement to perform, comply with and be bound by each and every one of the terms and provisions of the Credit Agreement, as modified by this Amendment.

8. *Acknowledgment; No Novation.* Borrower, Guarantor and Bank agree that this Amendment shall not constitute a novation of the indebtedness evidenced by the Revolving Note or any of the other Obligations.

9. *Successors and Assigns.* This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and assigns.

10. *Severability.* In case any one or more of the provisions contained in this Amendment shall be invalid, illegal or unenforceable, the validity and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

11. *Counterparts.* This Amendment may be executed by the parties hereto in two counterparts, each of which shall be deemed an original and both of which shall constitute together but one and the same agreement.

[NO FURTHER TEXT ON THIS PAGE]

The undersigned have caused this Amendment to be executed in the names and under the seals of the undersigned, with the intent that this be a sealed instrument.

BORROWER:

TREX COMPANY, LLC, a Delaware limited liability company

By: /s/ Anthony J. Cavanna
---------------------------------- (SEAL)
Anthony J. Cavanna
Chief Financial Officer

GUARANTOR:

TREX COMPANY, INC., a Delaware corporation

By: /s/ Anthony J. Cavanna
---------------------------------- (SEAL)
Anthony J. Cavanna
Chief Financial Officer

BANK:

FIRST UNION NATIONAL BANK, a national banking association

By: /s/ B. Scott Arthur
---------------------------------- (SEAL)
B. Scott Arthur
Vice President

Exhibit 10.2

LOAN MODIFICATION AGREEMENT

This Loan Modification Agreement ("Agreement") is made as of March 30, 2001 by Trex Company, LLC, a Delaware Limited Liability Company ("Borrower), and Bank of America, N.A. ("Bank").

Factual Background

A. Under a Standing Loan Agreement dated as of September 28, 1999 between Bank and Borrower (the "Loan Agreement"), Bank made a loan to Borrower in the amount of Six Million Seven Hundred Twenty-Eight Thousand Dollars ($6,728,000) (the "Loan"). Capitalized terms used herein without definition have the meanings given to them in the Loan Agreement.

B. The Loan is secured by a Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated September 28, 1999, executed by Borrower as trustor for the benefit of Bank as beneficiary (the "Deed of Trust"). The Deed of Trust encumbers certain real property located in Lyon County, Nevada, as more particularly described therein (the "Property").

C. Trex Company, Inc., a Delaware corporation ("Guarantor") has guarantied Borrower's obligations to Bank, in accordance with a Payment Guaranty (the "Guaranty") dated as of September 28, 1999.

D. The Loan is evidenced in part by a Promissory Note Secured by Deed of Trust dated September 28, 1999 in the amount of Six Million Seven Hundred Twenty-Eight Thousand Dollars ($6,728,000) (the "Note").

E. As used here, the terms "Loan Documents" means the Loan Agreement, the Deed of Trust, this Agreement, the Note and any other documents executed in connection with the Loan, including which evidence, guaranty, secure or modify the Loan, as any or all of them may have been amended to date. This Agreement is a Loan Document.

G. Borrower and Bank now wish the Loan as set forth below.

Agreement

Therefore, Borrower and Bank agree as follows:

1. Recitals. The recitals set forth above in the Factual Background are true, accurate and correct.

2. Reaffirmation of Loan. Borrower reaffirms all of its obligations under the Loan Documents, and Borrower acknowledges that it has no claims, offset or defenses with respect to the payment of sums due under any Loan Document.

3. Modification of Loan Documents. The Loan Documents are hereby amended as follows:

(a) The first sentence of Section 2.11 of the Loan Agreement (the section entitled Consolidated Debt to Consolidated Capitalization) is deleted and replaced with the following:

"The Borrower and any of its subsidiaries (but excluding its parent), on a consolidated basis as reported in its public filings, shall not at any time during any four (4) fiscal quarters, permit its ratio of Total Consolidated Debt to Total Consolidated Capitalization to exceed 0.60 to 1.0."

(b) Except as hereby amended, the Loan Documents shall remain in full force and effect.

4. Conditions Precedent Before this Agreement becomes effective and any party becomes obligated under it, all of the following conditions shall have been satisfied at Borrower's sole cost and expense in a manner acceptable to Bank in the exercise of Bank's sole judgment:

(a) Bank shall have received fully executed and, where appropriate, acknowledged originals of this Agreement, the attached consent signed by the guarantors, and any other documents which Bank may require or request in accordance with this Agreement or the other Loan Documents.

(b) Bank shall have received reimbursement, in immediately available funds of all costs and expenses incurred by Bank in connection with this Agreement, including charges for the title insurance, recording, filing and escrow charges, fees for appraisal services, and legal fees and expenses of Bank's counsel. Such costs and expenses may include the actual costs or services for Bank's in-house staffs, such as legal and appraisal services.

5. Borrower's Representation and Warranties. Borrower represents and warrants to Bank as follows:

(a) Loan Document. All representations and warranties made and given by Borrower in the Loan Documents are true, accurate and correct.

(b) No Default. No Default has occurred and is continuing under the Loan or any of the Loan Documents, and no event has occurred and is continuing which, with notice or the passage of time or both, would be a Default.

(c) Property. Borrower continues to lawfully possess and hold fee simple title to all of the Property which is real property, and the Deed of Trust is a first and prior lien on that property. Borrower owns all of the Property which is personal property free and clear of any reservations of title and conditional sales contracts, and also of any security interests other than the Deed of Trust, which is a first and prior lien on such property. There is no financing statement affecting any Property on file in any public office except for financing statements in favor of Bank.

(d) Borrowing Entity. Borrower is a limited liability company which is duly organized and validly existing under the laws of the State of Delaware. There have been no changes in the organization, composition, ownership structure or formation documents of Borrower since the inception of the Loan.

6. Incorporation. Agreement shall form a part of each Loan Document, and all references to a given Loan Document shall mean that document as hereby modified

7. No Prejudice; Reservation of Rights. This Agreement shall not prejudice any rights or remedies of Bank under the Loan Documents. Bank reserves, without limitation, all rights which it has against any indemnitor, guarantor, or endorser of the Loan.

8. No Impairment. Except as specifically hereby amended, the Loan Documents shall each remain unaffected by this Agreement and all such documents shall remain in final force and effect. Nothing in this Agreement shall impair the lien of the Deed of Trust, which as hereby amended shall remain one deed of trust with one power of sale creating a first lien encumbering the Property.

9. Purpose and Effect of Bank's Approval. Bank's approval of any matter in connection with the Loan shall be for the sole purpose of protecting Bank's security and rights. No such approval shall result in a waiver of any default of Borrower. In no event shall Bank's approval be a representation of any kind with regard to the matter being approved.

10. Disclosure to Title Company. Without notice to or the consent of Borrower, Bank may disclose to any title insurance company which insures any

interest of Bank under the Deed of Trust (whether as primary insurer coinsurer or reinsurer) any information, data or material in Bank's possession relating to Borrower, the Loan or the Property.

11. Integration. The Loan Documents, including this Agreement and the other documents required to be delivered to Bank in connection with this Agreement: (a) constitute integrated Loan Documents; (b) supersede all oral negotiations and prior and other writings with respect to their subject matter and (c) are intended by the parties as the final expression of the agreement with respect to the terms and conditions set forth in those documents and as the complete and exclusive statement of the terms agreed to by the parties. If there is any conflict between the terms conditions and provisions of this Agreement and those of any other agreement or instrument including any of the other Loan Documents, the terms, conditions, and provisions of this Agreement shall prevail.

12. Miscellaneous. This Agreement and any attached consents or exhibits requiring signatures may be executed in counterparts, and all counterparts shall constitute but one and the same document. If any court of competent jurisdiction determines any provision of this Agreement or any of the other Loan Documents to be invalid, illegal or unenforceable that portion shall be deemed severed from the rest which shall remain in full force and effect as though the invalid illegal or nonenforceable portion had never been a part of the Loan Documents. This Agreement shall be governed by the laws of the State of Nevada without regard to the choice of law rules of that State. As used here, the word "include(s)" means "Include(s) without limitation", and the word "including" means "including; but not limited to."

Trex Company, LLC, a Delaware Limited Liability Company	BANK OF AMERICA, N.A.
By: /s/ Robert G. Matheny, President -------------------------------- Print Name and Title	By: /s/ Mark McVeigh -------------------------------- Mark McVeigh, Vice President

GUARANTOR'S CONSENT

The undersigned Guarantor hereby consent to the terms, conditions and provisions of the foregoing Loan Modification Agreement and the transactions contemplated by it. Guarantor hereby reaffirms the full force and effectiveness of its Payment Guaranty dated September 28, 1999.

TREX COMPANY, INC.,
a Delaware corporation

By: /s/ Robert G. Matheny

President

Print Name and Title